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SUBJECT: RECENT FRENCH THINKING ABOUT RUSSIA, GEORGIA, AND UKRAINE

Classified By: Political Minister Counselor Kathy Allegrone for reasons
1.4. (b), (d).

¶1. (C) Summary: French presidency and MFA officials shared a unified view that amplified current French thinking on dealing with Russia, whether with respect to Georgia or in terms of the ongoing gas crisis involving the Ukraine.

Bottom line: Sustaining the Geneva process on Georgia will be a challenge, particularly with respect to peacekeeping and monitoring the security situation, while the EU (under the Czech presidency) played into Russian hands by allowing for the politicization of the dispute with Ukraine over gas supplies. End summary

Georgia

¶2. (C) French presidency adviser for Russia and the CIS (as well as the Americas) Damien Loras told us January 13 that Paris is focused on the next round of discussions in Geneva as the next likely step in the process of dealing diplomatically with the situation in Georgia. Although the Russians grudgingly accepted continuation of the Geneva process beyond December 2008, Loras worried that they were prepared to challenge continuing after February. This has motivated Paris to press for "something concrete," e.g., a conflict control mechanism, primarily to sustain the negotiating process and secondarily to maintain links between the different communities. Loras noted the importance of promoting exchanges and ties among the different populations to treat the conflict's many economic and humanitarian aspects. It was equally critical, in his view, to prevent a break of links between the central Georgian government and the breakaway regions. In that respect, sanctions or other penalties must be balanced to avoid being counterproductive. The EU, for example, has imposed travel restrictions on Abkhaz and South Ossetian officials to underscore that the current situation is not acceptable short of complete isolation.

¶3. (C) French MFA A/S-equivalent for continental Europe Roland Galharague, meanwhile, told us January 14 that the current situation seemed calm but asked rhetorically for how long. He spoke of a growing risk of destabilization that would spike in the spring. Galharague called South Ossetia a "Russian platform" and asserted that Abkhazia had considerable interest in staying close to Russia. The standoff over OSCE monitors that contrasted with Russian acceptance of EU observers complicated the current security situation. Nevertheless Galharague cited shared Russian and Georgian desire for an EU presence as positive. It was best, he added, that the UNSC remained engaged in the process to highlight the risks of Russian defiance of the international community. Peacekeeping, however, posed a dilemma and even a risk in terms of the viability of UNOMIG, and he wondered about a Balkans-type structure that would put the UNSC at the head but involve different "pillars" (EU, OSCE) for the different missions.

¶4. (C) The MFA's Galharague agreed with the Presidency's

Loras that preserving the Geneva process was vital, although he acknowledged more readily the various positive and negative aspects of continuing. He described EU Special Representative Pierre Morel as frustrated that there has not been more progress on how international missions could reduce tension. The Russians persist in their demand for a limit to the number of meetings to be held in this forum. Galharague opined that the Russians seek to use the situation in Georgia to assert a role in EU/Georgia relations. He cautioned as well that "we" needed to review carefully the USD 3 billion in aid going in to Georgia as well as the increasingly unstable political situation in that country. When we asked how the Czechs were handling the situation since the French EU presidency, Galharague replied with relief that Prague is not looking to replace Morel as the EU lead in Geneva or question the continued presence of the EU observers.

Russia/Ukraine

¶5. (C) Loras and Galharague separately called the gas dispute between Moscow and Kiev a commercial spat that quickly became a political argument that the Russians had managed to exploit to exacerbate Ukrainian internal political weakness. Loras was faster than Galharague to blame the Czech EU presidency for intervening and inadvertently helping the Russians achieve their political goal. He claimed that the French had asked the Germans to avoid EU involvement in the dispute without success. Loras felt the Russians, faced with financial turmoil due to dropping revenues from tumbling gas prices, were using the crisis to distract domestic attention from socio-economic woes and to further their

PARIS 00000102 002 OF 002

efforts at creating an international gas cartel. If provoking a crisis intimidated the Ukrainian leadership, all the better, he continued. Loras affirmed that EU involvement, despite French advice to the Czechs to refrain (he blamed the Czech decision on Bulgarian pressure) helped create the impression that a winter crisis over Russian gas to Europe was now inevitable.

¶6. (C) Over the long-term, Loras argued that Czech readiness to commit EU monitors to watch the flow of gas in the Ukraine gives the Russians a foot in the door to exert control over how the Ukraine transports gas. This has the net effect of obscuring the more fundamental economic and technical issues Europe must confront that are linked to its unnecessary over-dependence on Russian gas. Beyond that, Loras stressed that Ukraine has been weakened and Russia strengthened, despite the latter's bad reputation as an unreliable commercial partner and bully. He surmised that Moscow may find, over the longer term, that its position will weaken as its domestic economy worsens and its international reputation in general suffers.

¶7. (C) Galharague repeated many of Loras' key arguments about the inadvisability or even futility of the EU intervention in the gas dispute, adding his perspective that division within Ukraine's leadership was at least as important as Russia's decision to take such a hard political line over an essentially commercial dispute. He said that any EU observers of the Ukrainian gas pipelines had to focus solely on verifying the throughput to Europe and not monitor Ukrainian practices. Somehow, the EU had to deal with the dispute without accepting the blackmail on either side. The EU, Galharague thought, would seek to protect its interests with both sides but act on its "attachment" to Ukraine as a key transit country between Russia and the West as well as its "transitional" character. The crisis will not go on forever, since the Russians cannot stock gas ad infinitum. He warned, however, of reviving the Great Game and politicizing the process of constructing southern pipelines for non-Russian gas that would bypass Ukraine. It was best to keep quiet, since financing for the pipeline projects under discussion was not certain.

¶ 8. (C) Like Loras, Galharague concluded on a grim note with respect to Russia's prospects for the near term. This bleak outlook prompts Moscow's insecure leadership to play tough to raise a given dispute's profile for domestic consumption.

However, the central question emerges as to what Russia gains strategically from this tactic. The gas dispute with the Ukraine, which should reflect badly on Russia as a reflection of bad faith in its commercial relationships, instead has become a test of political strength and resolve. Galharague contended that the lesson from this dispute is that Europe (and the U.S.) need to weigh carefully their response to an overly assertive Russia. The current dispute with the Ukraine is only a commercial dispute and never should have escalated to anything more.

¶ 9. (U) We note that President Sarkozy mentioned the Russia/Ukraine dispute in his New Year's wishes to the diplomatic corps on January 16. After lauding the "reinforced partnership" with the EU pushed under the EU presidency, Sarkozy declared that his understanding of political rivalries in the Ukraine was strained when they caused an "energy conflict" to "take hostage" millions of Europeans who expected better. In this context, "Ukrainian credibility suffers." As for Russia, however, Sarkozy affirmed that even he, who believes in a "structural accord" over the long term with that country, expects that Russia will respect its obligation to its European customers.

PEKALA